Gaming Policy and Enforcement Branch

Ministry of Public Safety and Solicitor General

Annual Report
2006/2007

BRITISH COLUMBIA
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Letter of Transmittal

I am pleased to submit the Gaming Policy and Enforcement Branch 2006/07 Annual Report to the British Columbia Legislature. The information presented in this report reflects the activities of the Ministry of Public Safety and Solicitor General's Gaming Policy and Enforcement Branch for the 12 months ending March 31, 2007.

The Gaming Policy and Enforcement Branch regulates B.C.'s gaming industry in order to ensure it is operated with honesty and integrity and to protect the interests of the public and participants.

I would like to thank all Branch staff for their hard work and dedication during the past year. Staff can be proud of what has been accomplished.

Over the last many months, lottery retail networks and prize payout policies and procedures across Canada have been the subject of great scrutiny. This issue first surfaced in Ontario, but has been the subject of discussion and review across the country.

In fall 2006, I asked the Gaming Policy and Enforcement Branch to conduct a review of the British Columbia Lottery Corporation's systems and processes. In December, the Branch made several recommendations to strengthen those systems, but did not identify any systemic problems.

Also in December 2006, B.C.'s Ombudsman initiated an investigation into the Lottery Corporation's lottery retailer network and the Branch's oversight of that network. Her May 2007 report identified several gaps in the Corporation's lottery systems and processes and the Branch's regulation of those procedures. Twenty-seven recommendations were made, all of which have been accepted by the Province, Branch and Corporation.

Further, I ordered an independent and comprehensive audit of the roles of the BC Lottery Corporation and the Gaming Policy and Enforcement Branch in the lottery business. That report will be available this fall. In the meantime, the Branch is continuing to implement the Ombudsman's recommendations, and is working on a series of initiatives in 2007/08 to ensure British Columbia's lottery network is held to the highest standards of transparency, fairness and integrity.

As the Minister responsible, I look forward to continuing to work closely with Branch management and staff to ensure the effective regulation of B.C.'s gaming industry and strong protection for customers.

Honourable John Les

Minister of Public Safety and Solicitor General

Accountability Statement

Honourable John Les

Minister:

It is my pleasure to present the Annual Report of the Gaming Policy and Enforcement Branch for the fiscal year 2006/2007. The information in this report reflects the activities of the Branch for the 12 months ending March 31, 2007. I am responsible for the contents of the report, including the selection of accomplishments and how they are reported.

The past year has presented some interesting challenges. In October 2006, at your request, the Branch initiated a review of the British Columbia Lottery Corporation's lottery systems and processes. In December 2006, B.C.'s Ombudsman initiated a review of the Corporation's lottery retail network and the oversight provided by the Branch. Both reviews resulted in recommendations which have been accepted and are currently being implemented. The Branch is cooperating fully with a related independent audit currently being conducted by Deloitte and Touche and looks forward to their report.

Every effort will be made in the coming year to implement a comprehensive regulatory framework for B.C.'s lottery systems and to restore public confidence in the integrity and security of those systems.

In 2006/07, the Branch implemented several initiatives to better serve the interests of British Columbians. This included amending B.C.'s Gaming Control Act to provide effective mechanisms for seizing and destroying illegal gambling equipment, permitting enforcement personnel to handle minor offences through a ticket violation program, and enabling government to take action against businesses that teach minors to gamble.

To ensure gaming is delivered in a socially responsible manner, the Branch supported several projects to educate the public about responsible gambling practices and to increase awareness of problem gambling. Branch programs ensure that individuals who seek help with problem gambling get the assistance they need, wherever they are in the province.

In 2007/08, the Branch will increase its size for the first time since it was formed in 2002. The addition of new staff will help ensure that gaming remains safe, fair and beneficial for British Columbians.

My thanks to Branch staff for another year of dedicated and exemplary service.

Sincerely,

Derek Sturko

Assistant Deputy Minister & General Manager

Gaming Policy and Enforcement Branch

Key Facts about Gaming in British Columbia

Gaming is a $2.49 billion per year industry in B.C.
In the past year, the gaming sector had:

In 2006/07, the gaming industry included:

In 2006/07, the regulation of gaming in B.C. included:

The Branch

Since 2002, over $670 million in gaming revenue has been distributed to charitable organizations through grant programs.

In 2006/07, the Gaming Policy and Enforcement Branch (GPEB) had 116 employees and an annual operating budget of $14.5 million. The responsibilities of the Branch, divided among seven divisions, ensure the integrity of gaming in B.C. and that it is conducted and managed according to provincial and federal legislation.

A short description of each division is included in Appendix A.

For the purposes of this report, we have categorized the work of the Branch into three general categories:

- Services to citizens and communities, which includes distributing grants to non-profit community organizations, licensing charitable gaming events, and providing problem gambling services;

- Protecting citizens and communities, which includes setting and implementing standards, ensuring suitable companies, people and equipment are involved in the industry, and the administration of horse racing; and

- Ensuring compliance with standards and regulations, which includes auditing commercial and charitable gaming activities for compliance, ensuring the integrity of horse race events, and investigating illegal gambling activity and unlawful activity in legal gaming venues.

Services to Citizens and Communities

The Branch provides a range of services to citizens and communities. It distributes grants to non-profit community organizations, licenses charitable gaming events, provides programs and services that foster a responsible approach to gaming in both industry participants and consumers, and provides problem gambling services to those who need them.

Enhancing Customer Service

A major project in 2006/07 focused on improving the Branch's service delivery to its clients, including gaming workers, charitable organizations applying for gaming event licenses, and community organizations seeking community gaming grants. As of April 17, 2007, British Columbians could access online grant and licence applications, as well as a full range of gaming information, 24 hours a day, seven days a week. With the introduction of this new technology, the Branch established improved benchmarks in timeliness and efficiency. In the next several months, the Branch will add many of its other programs to the online service.

Supporting Community Organizations (Community Gaming Grants)

On behalf of the Province, the Branch distributes grants to community organizations through the Direct Access and Bingo Affiliation grant programs. These grants are provided from government gaming revenues. In 2006/07, a total of $144.5 million was distributed to community organizations across B.C. Funding is based on the type of organization applying, the programs and services it delivers, and financial need.

There are four main sectors that are funded by gaming grants:

- [illegible] programs that support performing arts, media arts, or visual arts, literature, heritage or culture in the community, and sports.
- [illegible] programs that support B.C.'s environment or protect the welfare of animals and wildlife.
- [illegible] programs that significantly contribute to the quality of life in a community. Service organizations and service clubs are included in this sector.
- [illegible] programs that support public safety initiatives, disaster relief, and emergency preparedness within B.C.

In addition, the Branch administers the SportsFunder Lottery grant program. The Province has directed that all net revenues from the SportsFunder suite of lottery products provide financial assistance to athletes, support athletic development programs, assist athletes with travel costs and support coaching and leadership development.

Gaming grants are also available for Parent Advisory Councils (PACs) and Districts Parent Advisory Councils (DPACs).

Table 1 provides details of grant distribution.

In 1974, B.C. became a partner with the three other western provinces in the Western Lottery Foundation.

Table 1 — Grants Distributed

Direct Access Grants by Funding Sector	2006/07		2005/06	
	Amount paid	Number of grants	Amount paid	Number of grants
PACs and DPACs	$12,342,280	1,646	$12,111,280	1,561
Public Safety	4,904,876	144	3,908,245	129
Human and Social Services	33,472,518	1,203	32,214,315	1,080
Environment	2,156,910	85	2,117,981	77
Arts, Culture and Sport	32,560,303	1,416	29,619,394	1,272
SportsFunder	2,181,900	185	n/a	n/a
Major Capital Projects*	4,176,297	79	3,101,589	53
Total	**$91,795,084**	**4,758**	**$83,072,804**	**4,172**

Bingo Affiliation Grants by Funding Sector	2006/07		2005/06	
	Amount paid	Number of grants	Amount paid	Number of grants
PACs and DPACs	$1,804,456	192	1,809,329	196
Public Safety	1,043,293	42	1,087,513	43
Human and Social Services	34,078,021	1,047	35,656,624	1,088
Environment	571,748	21	584,890	22
Arts, Culture and Sport	14,088,768	519	14,527,017	535
Bingo Association Grants†	298,900	27	378,350	31
Total	**$51,885,186**	**1,848**	**$54,043,723**	**1,915**

One-Time Payments	2006/07		2005/06	
	Amount paid	Number	Amount paid	Number
One-Time Payments	$800,000	5	$450,000	2
Grand Total	**$144,480,270**	**6,611**	**$137,566,527**	**6,089**

Services to Citizens and Communities

Benefiting Community Organizations (Licensed Gaming Events)

The Branch issues gaming event licences to eligible charitable and religious organizations. The gaming events available for licensing are ticket raffles, independent bingos (which are conducted in facilities other than commercial bingo halls), wheels of fortune, and social occasion casinos (casino-style events without slot machines). The type of licence issued depends on the size and location of the gaming event.

Table 2 – Gaming Event Licences Issued

A Licences: Charitable gaming events over $20,000	2006/07	2005/06
Minor Raffles ($20,000 to $100,000)	138	200
Major Raffles ($100,000 to $250,000)	32	40
Registered Raffles (over $250,000)	17	25
Independent Bingos	110	171
Total Class A Licences	**297**	**436**

B Licences: Charitable gaming events under $20,000	2006/07	2005/06
Raffles	6,091	5,818
Independent Bingos	206	212
Wheels of Fortune	38	27
Social Occasion Casinos	29	20
Total Class B Licences	**6,364**	**6,152**

C Licences: Gaming events at fairs & exhibitions	2006/07	2005/06
Raffles	3	3
Independent Bingos	1	2
Limited Casino	1	1
Wheels of Fortune	3	2
Total Class C Licences	**8**	**8**

Class A gaming events earned a total of $18.5 million in 2006/07. The highest earning gaming events were raffles conducted by the British Columbia Children's Hospital ($2.3 million), Variety Club of British Columbia ($1.7 million), and the Surrey Memorial Hospital Foundation ($1.5 million).

An estimated $28.5 million was earned by Class B licence holders, at an average of nearly $4,500 per event. A total of $3.2 million was earned by Class C licence holders. The majority of this amount ($2.5 million) was earned by the Pacific National Exhibition's raffle.

In 2006/07, community organizations in B.C. earned approximately $50.2 million through licensed gaming.

In 2006/07, the Branch developed a new class of licence that was launched on April 17, 2007. The Class D licence is tailored to those groups or organizations wishing to conduct small-scale fundraising events. The licence costs $10 and is restricted to ticket raffles and independent bingo events. Projected gross revenues must not exceed $5,000.

Table 3 — Revenues Earned by Charitable Groups Through Licensed Gaming

Earned by Charities (licensed gaming events)	
Class A licences (over $20,000)	$18.5 million
Class B licences ($20,000 or less)	$28.5 million
Class C licences (exhibitions and fairs)	$3.2 million
Total Earned by Community Organizations	**$50.2 million**

In 2002, five different gaming agencies were combined to form the Gaming Policy and Enforcement Branch.

Services to Citizens and Communities

Ensuring Citizens are Protected from the Risks Related to Gambling

The Province's Responsible Gambling Strategy, launched in 2003, has three goals: reducing the incidence of problem gambling, reducing the harmful impacts of excessive gambling, and ensuring that gambling is delivered in a manner that encourages responsible gambling and healthy choices.

The Branch manages the strategy and coordinates contributions from partner stakeholders. These partners include the BC Lottery Corporation (BCLC), gaming services providers and local governments that host casinos and/or community gaming centres.

The Branch works to reduce the incidence of problem gambling by creating greater awareness of problem gambling issues and services, and by encouraging gamblers to understand the risks, know their limits and play within their means.

In 2006/07, 19 contracted service providers delivered problem gambling education and prevention programs on behalf of the Province. Service providers make presentations and distribute information that raises awareness of the Problem Gambling Program, educates people about gambling responsibly, and assists problem gamblers in accessing help.

In 2006, the Branch partnered with Richmond Addiction Services and the City of Richmond to develop a school-based educational program for youth. The program, which was well received by students and teachers, provides educators with an excellent tool for educating young people about the risks involved in gambling. The Branch will distribute this program to all elementary schools in B.C. in 2007/08.

In 2006/07, the Branch contracted with 32 counsellors across B.C. to provide problem gambling counselling services. These services are provided free of charge to anyone who is experiencing a problem with gambling or is affected by someone else's gambling. Counsellors provide services at the client's convenience, which may include travelling to a location of the client's choosing and/or making themselves available during evenings and weekends.

The Branch also funds a dedicated, 24-hour, toll-free Problem Gambling Help Line. Help Line operators provide crisis counselling and refer individuals and their families to treatment and prevention services offered by the Branch. Since 1997, the Help Line has been a primary resource for health service providers, community service organizations, and people with gambling problems.

Table 4 shows a decline in the number of calls and referrals handled by the Help Line in 2006/07 compared to the previous year. A number of factors could explain this decline. There was a significant drop in the number of erroneous calls over the same period, which accounted for almost half the decrease. In addition, a province-wide public awareness campaign conducted in 2005/06 led to an increase in calls that year. Admissions to counselling remained constant, which shows that people are accessing this service by other means.

The Province is committed to increasing the knowledge, promotion and delivery of responsible gambling practices and policies within the gambling industry.

In 2006/07, a joint GPEB/BCLC pilot project resulted in the implementation of Responsible Gaming Information Centres at casinos in Richmond (River Rock), Vancouver (Edgewater), Langley (Cascades) and Coquitlam (Boulevard).

The purpose of the Responsible Gaming Information Centres is to provide on-site education and support to customers in distress and those seeking information. This highly successful program will be introduced to several more casinos across the province in 2007/08.

Since 2004, the Branch has supported the Appropriate Response Training program, an educational program for gaming workers run by BCLC. The program is intended to enhance the knowledge, awareness, attitudes and skills of gaming industry personnel so they can respond appropriately to patrons who may be experiencing distress in a gaming facility.

Table 4 – Problem Gambling Program Statistics

Problem Gambling Program Statistics	2006/07	2005/06
Total Help Line calls (includes erroneous calls and hang-ups)	5,696	7,455
Calls made to Help Line specific to problem gambling	4,769	5,830
Referrals to Problem Gambling Program	2,869	3,590
Counselling service admissions	1,100	1,115
Number of prevention information sessions delivered	1,750	1,700
Contracted service providers:		
Clinical counsellors	32	28
Prevention service providers	19	19
Provincial coordinators	3	3
Responsible Gambling Officers (RGIC Staff)	2	n/a

Research

The Branch has initiated and participated in several research projects over the past year. Some research projects, such as the Lower Mainland socio-economic impact study and periodic prevalence surveys, are contracted to independent research companies. Others, such as the development and evaluation of problem gambling measurement tools, are conducted in partnership with other provinces.

Examples of research the Branch is currently undertaking can be found on the responsible gambling website at: http://www.bcresponsiblegambling.ca/

Protecting Citizens and Communities

The Branch regulates all gaming in B.C. to ensure the integrity of gaming industry companies, people and equipment. This mandate includes regulatory oversight of BCLC (which conducts and manages lotteries, casinos and commercial bingo halls), all gaming services providers and gaming workers, B.C.'s horse racing industry and licensed gaming events.

Protecting Citizens through Laws and Regulations

The Branch fulfills its mandate under Canada's Criminal Code and the provincial Gaming Control Act and Regulation. In 2006/07, the Assistant Deputy Minister and General Manager of the Branch issued two new directives to enhance the regulatory structure of gaming.

- On October 30, 2006, a directive was issued to BCLC approving single-table Texas Hold'em tournaments at participating pubs and bars through BCLC's hospitality retailer network. This action allowed BCLC to pilot a sanctioned form of poker in those settings.

- On March 7, 2007, a directive was issued that enhances the technical integrity of lottery schemes conducted and managed by BCLC by requiring new or modified technology to be submitted to the Branch for approval.

In addition to the two directives, the Branch coordinated the implementation of several amendments to the Gaming Control Act and Gaming Control Regulation. These amendments strengthen the existing legal framework for gaming and ensure the Province has the necessary authority to protect the overall integrity of gaming and horse racing in British Columbia.

Examples of these amendments include:

- Clarifying the approval process for gaming facilities and teletheatres;

- Strengthening requirements for the reporting of changes in the ownership or control of companies involved in B.C.'s gaming industry;

- Improving the authority to seize and destroy illegal gambling equipment;

- Prohibiting the unauthorized promotion of gaming activities;

- Enabling the Province to take enforcement action against commercial efforts to train minors to gamble;

- Strengthening the registration requirements imposed on companies and people involved in B.C.'s gaming industry; and

- Requiring on-site managers of lottery retail outlets to be registered.

The gaming industry directly and indirectly employs over 18,000 people.

Ensuring Suitable People and Companies are Involved in the Industry

Through its registration process, the Branch certifies companies (gaming services providers) and individuals (gaming workers) who are directly or indirectly involved in B.C.'s gaming industry. This helps to ensure potential employees and service providers are suitable for participation in this industry. The registration process involves thorough background checks that include, but are not limited to, a criminal record check, a credit check and verification of information.

In October 2006, in response to allegations of fraudulent retailer activity in Ontario, the Branch initiated a review of the BC Lottery Corporation's lottery retailer network. As a result of this review, the Branch expanded its registration program to include managers of all lottery retail outlets in the province.

On April 1, 2007, the Branch implemented a new registration fee schedule. This schedule increased the application and registration fees for each class of gaming services provider and gaming worker. These changes will generate greater cost recovery from the industry and bring B.C.'s fee structure in line with similar jurisdictions.

Table 5 – Registrations of Companies and People

Number of Annual Registrations (companies)	2006/07	2005/06
Gaming service providers	11	14
Gaming equipment suppliers	8	12
Ancillary service contractors	29	19
Number of Annual Registrations (personnel)	**2006/07**	**2005/06**
Gaming workers	5,267	4,796
Horse race workers	1,172	1,133
Key Persons	109	129
Branch and BCLC personnel	552	38

Protecting Citizens and Communities

Ensuring Gaming Equipment and Products are Fair

The Branch's certification process ensures that gaming equipment and products work the way they are supposed to and deliver the stated odds of winning. Every type of slot machine, lottery product, computer system (hardware and software), and gaming equipment (cards, chips, dice, etc.) must be certified by the Branch before it can be used in B.C. gaming venues.

As a result of its October 2006 review of the BC Lottery Corporation's lottery retailer network, the Branch is now certifying all new and existing products related to the lottery network (e.g., scratch and win tickets and break open tickets).

In the past year, the Branch developed and implemented a coordinated strategy to oversee BCLC's Internet gaming system. This strategy included certifying both hardware and software, registering companies and developing audit and investigation protocols.

Table 6 – Certifications of Gaming Equipment

Number of Annual Equipment Certifications	2006/07	2005/06
Certificates of Technical Integrity	329	345

In horse racing, Judges and Stewards have the exact same duties and responsibilities. Stewards are associated with Thoroughbred racing and Judges are associated with Standardbred racing.

Ensuring Proper Conduct of Horse Racing

The Branch is responsible for the regulation and management of horse racing in B.C., including oversight of all horse races in the province and the licensing of all participants in the racing industry. Each year the Branch also revises and updates ***The Rules of Thoroughbred and Standardbred Horse Racing in British Columbia***. In 2006/07, the Branch oversaw the running of almost 2,000 races on 200 race dates at tracks around the province.

In 2006/07, approximately $208 million was wagered at race tracks and teletheatres in B.C. Of this amount, approximately 75 per cent was wagered on simulcast races, 25 per cent on live racing.

Table 7 – Overview of Live Horse Racing in B.C.

	Live Race Days		Live Races		Horse Programmed	
THOROUGHBRED TRACKS	2006	2005	2006	2005	2006	2005
Hastings Racecourse (Vancouver)	78	82	700	758	5,888	6,008
Sagebrush Downs (Kamloops)	5	7	33	43	207	264
Sunflower Downs (Princeton)	1	1	9	7	70	53
Kin Park (Vernon)	2	2	14	14	104	80
Total	86	92	756	822	6,269	6,405
STANDARDBRED TRACKS	2006	2005	2006	2005	2006	2005
Fraser Downs Racecourse (Surrey)	99	84	1,117	1,049	9,233	8,735
Sandown Racecourse (Sidney)	10	24	117	235	809	1,681
Total	109	108	1,234	1,284	10,042	10,416

Ensuring Compliance with Regulations and Standards

The Branch ensures compliance with regulations and standards in several ways: by conducting audits of community organizations' licensed gaming events, commercial gaming facilities and operations, and BCLC's PlayNow site; by issuing and enforcing rulings for infractions at horse race events; by participating in investigations concerning illegal gambling activity; and by conducting investigations of unlawful activity in legal gaming venues.

Auditing for Compliance

The Branch employs a comprehensive audit strategy to ensure compliance with all applicable legislation, regulations, policies and directives. The Branch audits commercial gaming, horse racing, licensed gaming, and community organizations' use of proceeds from licensed gaming events or gaming grants.

Over the past three years the Branch has made it a priority to improve compliance among organizations receiving gaming funds, focusing on ensuring proper use of gaming proceeds and financial accountability of the organizations benefiting from these proceeds. In 2006/07, the Branch's aim was to increase the compliance rate of audited gaming fund recipients to 85 per cent. While the Branch fell just short of this goal, the number of audited groups in full compliance increased by three percentage points over the previous year.

Every year, the Branch audits all commercial casinos in the province. The audit findings are accessible on the Branch website at:

In 2006/07, casino audits indicated a high level of gaming integrity. However, these audits also indicated that provincially mandated responsible gambling initiatives were not well supported in all casinos. In the coming year the Branch will focus on increasing compliance with responsible gambling policies.

Table 8 – Audit Activity by the Branch

Audits of gaming activity in B.C.	2006/07	2005/06
Commercial gaming compliance audits (annual audits of casinos, community gaming centres and horse race tracks and bi-annual audits of commercial bingo halls)	49	47
Audits of all registered raffles, major ticket raffles (every two years), charities receiving more than $50,000 in grants (every four years) and a random selection of other organizations receiving gaming grants	568	522
Audits of all poker tournaments included in the Branch poker pilot project	7	n/a
Percentage of audited gaming funds recipients in compliance	83%	80%

There are two types of horse racing in B.C.: thoroughbred racing, which involves a horse and jockey, and standardbred racing, which involves horses pulling drivers on sulkies.

Enforcing the Rules and Regulations of Horse Racing

The regulation of horse racing includes enforcing rules and adjudicating matters that occur on the track or in the backstretch area that could have a negative impact on the integrity of gaming. Management of racing events also involves determining the winners of each race and issuing rulings. The Branch has staff at all race meets held in the province. During the 2006 racing season, almost 300 rulings were issued by Stewards and Judges.

Table 9 – Horse Race Rulings

Horse Racing Rulings	Live Race Days		Rulings Issued	
THOROUGHBRED RACING	2006	2005	2006	2005
Hastings Racecourse (Vancouver)	78	82	127	177
Sagebrush Downs (Kamloops)	5	7	0	0
Sunflower Downs (Princeton)	1	1	0	0
Kin Park (Vernon)	2	2	0	0
Total	86	92	127	177
STANDARDBRED RACING	2006	2005	2006	2005
Fraser Downs Racecourse (Surrey)	99	84	158	208
Sandown Racecourse (Sidney)	10	24	12	42
Total	109	108	170	250

Table 10 – Types of Rulings

Types of Rulings	Standardbred	Thoroughbred
Whipping violations (Standardbred only)	67	n/a
Racing or driving infractions committed during a race	62	33
Drug or alcohol infractions involving either horses or registered horse race workers	14	26
Entering an ineligible horse (Thoroughbred only)	n/a	18
Inappropriate behaviour in the backstretch area of a race track	8	8
Licensing or registration violations	5	10
Horses that bled during a race	2	10
Restoration of a horse or a horse race worker to good standing	3	7
Other	9	15
Total	170	127

Ensuring Compliance with Regulations and Standards

Addressing Unauthorized Activity Related to Gambling

The Province implemented an Illegal Gambling Enforcement Strategy to ensure the integrity of legal gambling and to reduce the incidence of illegal gambling.

The Strategy provides a strong, comprehensive framework for addressing regulatory offences under B.C.'s Gaming Control Act and criminal offences under Canada's Criminal Code. This framework provides the Branch with a suite of enforcement actions and sanctions intended to accommodate a range of regulatory and criminal offences. The Strategy includes an integrated team of Branch and RCMP investigators who coordinate efforts with other law enforcement agencies as necessary. The Strategy also includes comprehensive reporting of summary investigation statistics and an educational component aimed at promoting public awareness of legal requirements.

The Branch supports this Strategy by investigating, or assisting law enforcement agencies in the investigation of, complaints and allegations of suspected criminal activity and regulatory infractions related to gaming and horse racing in B.C.

Under the Strategy, Branch investigators lead investigations involving regulatory offences (which may also be criminal offences) where they occur in conjunction with legal forms of gambling. This includes, but is not limited to, money laundering, assaults, threats, frauds, counterfeiting, loan sharking, cheating at play, and theft.

Under the Gaming Control Act, the Branch has the power to issue either verbal or written warnings, administer sanctions, or issue fines. For more serious violations, the Branch will recommend to Crown Counsel that charges be laid under the Act or the Criminal Code.

In 2006/07, the Branch revised how it reports its investigation activities in order to provide the public with a better understanding of the activities of Branch investigators. Table 11 provides an account of the types of notifications and complaints received by the Branch and how they were dealt with.

In total, the Branch received 4,530 notifications of suspicious activity or suspected wrongdoing. Over half of these notifications (53 per cent) were made available to, and could, or are, being used for larger, more substantial GPEB and police investigations. A further 35 per cent of notifications had insufficient information upon which to proceed. Approximately 2.5 per cent of the notifications were unfounded.

In sum, over 90 per cent of the notifications of unlawful activity were unfounded or incomplete, or they could not be fully addressed on their own but made useful additions to other evidence and information held by the Branch and/or law enforcement agencies. Many such notifications became part of more comprehensive investigations.

Approximately 52 per cent of the 4,530 notifications were related to alleged offences under the Criminal Code. Of these, the most common notification was for counterfeiting (1,033). Other notifications included thefts (570), assaults and threats (344), and money laundering/loan sharking (169). While these notifications pertained to alleged criminal offences that occurred at or near a gaming facility, none was related to the way gaming is conducted or managed in the province.

Our four offices communicate through an integrated video conference system which dramatically reduces travel time and expenses.

Of the 1,406 notifications or complaints concerning alleged violations of the Gaming Control Act, over 80 per cent (1,132) were notifications of barred or self-excluded individuals attempting to enter a gaming facility. A further 146 notifications led to administrative sanctions or warnings. Two hundred and thirty-seven files were still active at the end of fiscal year 2006/07.

Table 11 – Notifications or Complaints of Alleged Wrongdoing at or Near Legal Gaming Venues

Type of Notification and/or Complaint	Suspected wrongdoing notifications or complaints	Disposition of Files Concluded During Fiscal Year (Cleared)							Ongoing (Not cleared during fiscal year)
		Criminal Code Charges	Gaming Control Act		Warnings Written & Verbal	Intelligence[2]	Other[3]	Unfounded	
			Charge	Administrative[1]					
CRIMINAL CODE									
Theft	570	13	n/a	n/a	2	16	478	35	26
Assault & Threats	344	13	n/a	n/a	1	26	288	6	10
Fraud	193	3	n/a	n/a	0	7	71	34	78
Money Laundering/Loan Sharking	169	1	n/a	n/a	0	143	14	7	5
Cheat at Play	43	1	n/a	n/a	0	3	36	2	1
Counterfeit	1,033	2	n/a	n/a	0	1,025	1	1	5
GAMING CONTROL ACT									
GCA prohibited, barred or self-excluded individuals attempting entry to gaming venues	1,132	n/a	5	n/a	n/a	1,132	n/a	n/a	n/a
All other GCA Violations	274	n/a	0	138	8	18	35	5	66
OTHER									
Notifications and/or complaints not categorized above	772	10	0	1	4	47	648	17	46
Total	4,530	43	5	139	15	2,417	1,571	107	237

Ensuring Compliance with Regulations and Standards

Reducing the Incidence of Illegal Gambling

As part of the Illegal Gambling Enforcement Strategy, Branch investigators and 12 dedicated RCMP officers work together in a joint operations team called the Integrated Illegal Gaming Enforcement team (IIGET). Investigations are often conducted in cooperation with other law enforcement agencies. Illegal forms of gambling include common gaming houses, unlicensed lotteries, illegal sports betting, and illegal Internet gambling sites.

Fewer files were opened by IIGET in 2006/07 than in the previous year. Notably, there were decreases in the number of files relating to illegal video gambling machines (a 72 per cent decrease) and illegal lotteries (a 40 per cent decrease). These figures suggest that public education and enforcement programs initiated by the Branch and IIGET have been successful in reducing the amount of illegal gambling in the province.

Table 12 – IIGET Statistics

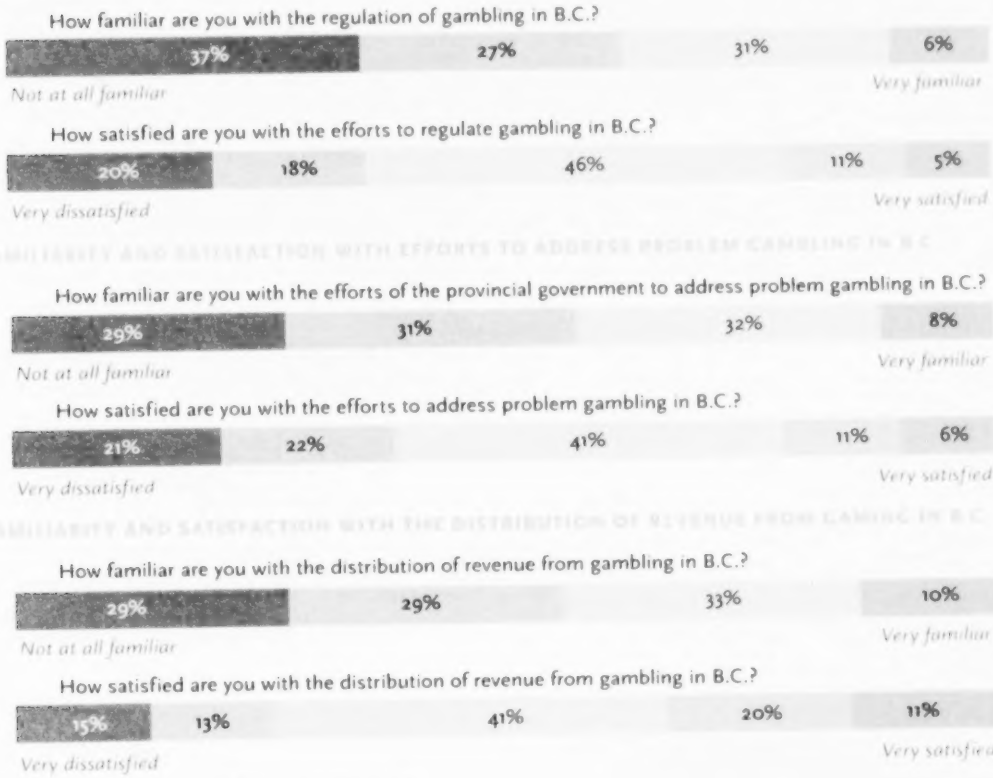
Files Generated	2006/07	2005/06
Video gambling machines	12	42
Common gaming houses	86	89
Illegal lotteries	186	307
Internet/on-line gambling	16	11
Other	30	43
Total	**330**	**492**

Files Cleared	2006/07	2005/06
Charges under Criminal Code	0	14
Charges under Gaming Control Act	0	1
Verbal warnings	83	153
Written warnings	50	115
Administrative	3	4
Ticket violation notices	0	8
Intelligence	42	58
Unfounded	51	98
Other	30	42
Total	**259**	**493**

Public Satisfaction with the Regulation of Gaming

In 2006/07, the Branch surveyed British Columbians' perceptions of the government's efforts to regulate gaming, address problem gambling, and distribute gaming revenues. Respondents were asked to describe their familiarity and satisfaction level in each of these three areas.

Familiarity was measured as *"not at all familiar," "not very familiar," "somewhat familiar,"* or *"very familiar."* Satisfaction was measured as *"very dissatisfied," "somewhat dissatisfied," "neither satisfied nor dissatisfied," "somewhat satisfied,"* or *"very satisfied."* The findings are summarized in the graphs below.



Due to rounding not all figures total to 100%.

The overall lack of familiarity and satisfaction with the regulation and management of gambling in B.C. presents some significant challenges for the Branch. In particular, the Branch must address the low levels of satisfaction with respect to the way it addresses problem gambling and distributes gaming revenues.

These survey results indicate there is a statistically significant correlation between familiarity with gaming issues and satisfaction with how government deals with those issues. Simply put, the greater the awareness, the greater the satisfaction with the work of the Branch. In 2007/08, the Branch will look at ways to increase public knowledge of its activities.

The full report can be viewed on the Branch website at: www.pssg.gov.bc.ca/gaming/

Where the Money Goes

In 2006/07, total gross revenue from commercial gaming conducted and managed by BCLC was $2.49 billion. After expenses and prize payouts, total government revenues from gaming totalled $1.03 billion. These revenues support local communities and government programs.

Supporting Communities

Approximately one out of every four dollars from gaming revenue is directed towards benefiting people and communities through grants and municipal programs. This is done through the Branch's grant programs, payments to municipalities that host casinos and/or community gaming centres, and grants to support the revitalization of B.C.'s horse racing industry.

Grants support social programs, community services and local economic development that might not otherwise receive funding. In 2006/07, the Branch distributed $144.5 million in community gaming grants to over 6,600 community organizations.

In addition, the Branch paid $76.1 million in gaming revenue to 20 local governments that host casinos or community gaming centres. Host local governments may use funds for any purpose within their legal authority that is of benefit to the community.

Since 1999, over $350 million in gaming revenue has been distributed to local governments.

Gaming funds supported a wide variety of vital community grant programs, capital and other expenditures. For instance, in 2006/07, these included:

- $3.5 million for RCMP municipal policing services in Kelowna;
- $3.3 million toward the Vancouver Island Conference Centre in Nanaimo; and
- $6.5 million to expand the Chimo public swimming pool complex in Coquitlam.

To support the revitalization of horse racing, the Branch distributed $5.2 million to the industry through a number of economic and business initiatives, including increased purses.

The first horse race in British Columbia was a thoroughbred race held in 1889 on what is now Howe Street in Vancouver. A horse named Mayflower won the featured race, the Vancouver City Stakes.

B.C. Government Programs

Approximately three-quarters of gaming revenues are directed towards Government's Health Special Account and the Consolidated Revenue Fund to support provincial health care and education services.

The Health Special Account is used exclusively for the administration, operation and delivery of health care, research, and health promotion and education services. In 2006/07, approximately $147.3 million was paid into the account. Since its creation in 1992, over $1.4 billion in gaming revenue has been directed to this account.

In 2006/07, over $606 million was directed to the Consolidated Revenue Fund to support social programs, primarily health care and education. In the past ten years, over $3.1 billion in gaming revenues has been directed to the Fund.

Gaming Policy and Enforcement Branch Operations

In 2006/07, the Branch spent $14.7 million on the regulation of gaming in the province. Core Branch operations cost $10.4 million. The Problem Gambling Program cost a further $4.3 million.

Government of Canada Transfer

As part of a revenue sharing agreement between the federal and provincial governments, $8.4 million of lottery revenues was transferred to the federal government.

Enhancing B.C.'s Lottery Network

The Branch takes a risk-based approach to regulating gaming in B.C. Historically, the highest priority has been placed on those sectors of the industry where the integrity of gaming is at the highest risk, specifically, B.C.'s commercial gaming facilities (casinos, community gaming centres, bingo halls, and horse race tracks). This is where most of the money is managed and where the biggest risk of criminal activity and regulatory infractions exists.

Further, the certification of all gaming equipment (including PlayNow, BCLC's online lottery system) received a high level of priority, as these are the systems through which the conduct and management of gaming, as well as the management of all related proceeds, are handled.

Prior to October 2006, there were very few public allegations of fraudulent lottery retailer activity. As a result, these operations did not appear to represent a significant risk. It was the Branch's intention to expand its regulatory authority to include lottery retailers by 2008. However, the Ombudsman's report released in May 2007 made it clear that enhanced oversight of the lottery retail network is a priority that must be addressed immediately.

The Ombudsman made four recommendations, which included implementing all of the recommendations made by the Branch in November 2006. The government and the Branch accepted all of these recommendations. The following table outlines the specific responsibilities and actions to which the Branch has committed in response to the Ombudsman's report, including those that have been initiated.

Table 13 – Ombudsman's Recommendations to GPEB and GPEB's Responses

Recommendation	GPEB Response
GPEB enhance its regulation of BCLC's lottery prize payout procedures and complaints handling processes. This should include but not be limited to GPEB conducting regular, audits of BCLC's lottery prize payout procedures and BCLC's investigation of customer complaints, ensuring BCLC's compliance with its Section 86 reporting requirement and independently conducting its own independent investigations into public complaints involving BCLC's prize payout procedures. All of these activities should be reported on publicly in its annual report.	GPEB accepts this recommendation. In response, the Branch will enhance its regulation of BCLC's lottery prize payout procedures and complaints handling processes. Specifically, GPEB will: • Conduct regular and independent audits of BCLC's lottery prize payout procedures and BCLC's investigation of customer complaints; • Ensure BCLC complies with its Section 86 reporting requirement; • Confirm BCLC's obligation to provide to the Branch, as soon as possible and with urgency, full and comprehensive files in support of each initial Section 86 notification; • Reconfirm to BCLC that, in response to any Section 86 notifications concerning potential fraud by a lottery retailer or a lottery retailer employee, the Branch will continue to make independent decisions about whether to conduct a full and separate investigation of the circumstances; • Audit and review BCLC's policies and procedures for addressing public complaints involving BCLC's prize payout procedures; and • If, and as necessary, conduct an investigation [under Section 27(3) of the Act] of any systemic or recurring problems. All of these activities will be reported publicly in the Branch's annual report.
GPEB conduct independent systemic investigations into any recurring problems.	GPEB accepts this recommendation. In response to this recommendation, as well as the Branch's findings in response to the previous recommendation, and GPEB's ongoing role in regulating BCLC's lottery policies and procedures, the Branch will: • Establish a system to routinely monitor, review and audit BCLC's lottery retailer policies, procedures and systems (including but not limited to: BCLC's contract framework; retailer operating practices; retailer handling of lottery tickets and advising of customers; retailer information systems; ticket validation and prize payout processes; compliance and enforcement policies and procedures; and policies and procedures concerning reporting to the Branch, BCLC's Board of Directors and the public); • Independently audit and review any identified systemic or recurring problems; and • If and as necessary, investigate [under Section 27(3) of the Act] any systemic or recurring problems.

Enhancing B.C.'s Lottery Network

Recommendation	GPEB Response
GPEB report publicly on BCLC compliance with its recommendations for change every six months until completed and clearly identify whether it is satisfied with the progress.	GPEB accepts this recommendation. In response, the Branch will: • Continue to monitor and engage BCLC in the implementation of the Branch's recommendations for change; • Report publicly on BCLC's compliance with the recommendations for change at least every six months (but more likely quarterly) until fully implemented; • Clearly identify whether the Branch is satisfied with BCLC's progress; and • Monitor BCLC's progress in implementing the Ombudsman's recommendations to BCLC concerning BCLC's lottery prize payout procedures and report publicly on BCLC's progress and the Branch's satisfaction with that progress.
GPEB conduct a thorough investigation of BCLC's investigation into all complaints of potential retailer impropriety since January 1, 2005 and report publicly on its findings.	GPEB accepts this recommendation. In response, the Branch will: • Conduct a thorough and independent audit and review of BCLC's handling of all complaints of potential retailer impropriety since January 1, 2005 and report publicly on its findings; • Continue to conduct reviews of the full files supporting those complaints and make independent decisions about which, if any, Section 86 notifications concerning potential fraud by a lottery retailer or a lottery retailer employee warrant a full and separate investigation [under Section 27(3) of the Act]; • If and as necessary, conduct an independent investigation [under Section 27(3) of the Act] of any systemic or recurring problems; and • In order to satisfy the Branch that BCLC's current and ongoing complaint handling processes are proper and complete, conduct an independent investigation [under Section 27(3) of the Act] of at least 10 per cent of all notifications to the Branch. The files to be independently reviewed will include those noted above for which GPEB makes an independent determination that a separate investigation is warranted, as well as a random sample of other notifications.

Independent Audit of B.C.'s Lottery Network

While government has accepted and is implementing all 27 recommendations from the B.C. Ombudsman's report, the Solicitor General also ordered an independent and comprehensive audit of the BCLC lottery system and the Branch.

On June 8, 2007, the firm Deloitte & Touche LLP was appointed to review the retail lottery system in B.C. and make recommendations to enhance the overall integrity and transparency of gaming activities in B.C.

The terms of reference for the audit are:

British Columbia Lottery Corporation

- To review in detail the lottery prize validation and payout procedures of BCLC, including, but not limited to: retailer validation procedures, monitoring of retailer play and win rates and customer complaint tracking and investigation and resolution procedures;

- To review BCLC's action plan in response to the Ombudsman's report and provide an assessment of it;

- To provide recommendations on further actions that could be taken, including a recommended timeframe and expected outcomes;

- To review and make recommendations on the reporting of activities, including prize validation and security investigations, to GPEB;

- To provide recommendations that will serve to enhance the fairness, integrity, transparency, security and customer service of the lottery systems and prize validation procedures; and

- To review other business and program functions with respect to BCLC and make recommendations to enhance the integrity and transparency of all gaming activities conducted by BCLC and overseen by GPEB.

Gaming Policy and Enforcement Branch

- To review GPEB's regulation of BCLC's lottery prize validation and payout procedures, including detailed investigations, and make recommendations for areas of improvement;

- To review GPEB's action plan in response to the Ombudsman's report and provide an assessment of it;

- To provide recommendations on further actions that could be taken, including a recommended timeframe and expected outcomes;

- To provide recommendations that will serve to enhance the integrity and oversight of the lottery system in B.C.; and

- To review other business and program functions with respect to GPEB and make recommendations to enhance the integrity, accountability, transparency, and oversight of all gaming activities in B.C.

It is expected that Deloitte & Touche LLP will submit its report to government by the end of October, 2007.

Looking Ahead

Gaming is a popular form of entertainment in British Columbia. Surveys show that more than eight out of every ten British Columbians gamble routinely. The gaming industry is complex and continues to evolve. In the past few years, the industry has seen the emergence of multi-purpose gaming venues, legal poker alternatives and an increase in the popularity of illegal, and therefore unregulated, Internet gambling sites.

In addition to actions related to the Ombudsman's report, the Branch will continue to enhance the services it provides to citizens and communities, its protection of citizens and communities, and its efforts to ensure compliance with standards and regulations. The Branch will also continue to measure public perception of the Branch's efforts to regulate and manage gaming.

Services to Citizens and Communities

On April 17, 2007, the Branch implemented Online Service, an integrated Internet-based information system that has improved the overall business functions of the Branch and ensured a single point of access for clients. British Columbians can now go online to apply for gaming grants and licences, 24 hours a day, seven days a week.

In 2007/08, the Branch will develop and implement the second and third phases of its Online Service. These enhancements will add the Branch's audit, investigation and registration functions to online operations.

In the coming year, the Problem Gambling Program will work on several initiatives in addition to providing counselling and prevention services. These initiatives are aimed at reducing barriers to service for at-risk populations, increasing the level of responsible gambling information at the high school and post-secondary level, and improving the Program's capacity to address future needs.

In April 2007, the Branch issued a Request for Proposals to obtain up-to-date information on the prevalence of problem gambling in British Columbia. This survey follows similar studies undertaken in 1993, 1996 and 2003, and will help inform the development of effective policies and programs to address the problems associated with excessive gambling.

On April 17, 2007, the Branch launched a new class of licence that is tailored to those groups or organizations wishing to conduct small-scale fundraising events. These new, Class D licences, cost $10 and are restricted to ticket raffles and independent bingo events with gross revenues under $5,000. The new licence provides a broader range of citizens the opportunity to conduct and manage sanctioned gaming events to raise funds for community based purposes.

Since 2002, community organizations have earned over $250 million dollars through charitable gaming events.

Protecting Citizens and Communities

In 2007/08, the Branch will continue to enhance and strengthen its regulatory oversight of gaming in the province. This will include issuing directives and developing legislation in response to the Ombudsman's recommendations and other issues.

The Branch's responsibilities with regard to registration will expand significantly. For instance, in response to the Ombudsman's report, the Branch will now register all lottery retail managers and contract signatories. These registrations, of an estimated 8,000 individuals, will be completed in 2008.

The Branch will continue to support the horse racing industry, as well as regulate and manage all horse racing in B.C. In 2007/08, the Branch will oversee the running of over 2,000 races on almost 200 race dates at tracks around the province.

Ensuring Compliance with Standards and Regulations

The Branch plans to conduct over 600 audits in 2007/08, including commercial gaming facilities, registered raffles licensees, and audits of community organizations receiving gaming grants. Audits are selected using a risk-based approach to ensure that gaming proceeds are used for appropriate purposes and that organizations are financially accountable.

As a result of the Ombudsman's report, the Branch will implement a specific and comprehensive audit strategy aimed at ensuring the integrity of BCLC's lottery business. Further, the Branch will monitor, report and comment on BCLC's implementation of all of the Ombudsman's and GPEB's recommendations concerning the lottery business.

The Branch will continue to evaluate and enhance the effectiveness of the Illegal Gambling Enforcement Strategy and will continue to work cooperatively with law enforcement agencies on issues such as money laundering and loan sharking.

The Branch will also implement a series of initiatives to ensure comprehensive and independent investigations are undertaken of issues related to BCLC's lottery retail business. This will include ensuring BCLC is aware of its reporting requirements, conducting fully independent investigations of any alleged impropriety involving lottery retailers, and regularly reporting on the status of investigations.

Monitoring Public Perception

The Branch will continue to monitor British Columbians' perceptions of the Province's regulation of gaming, the Problem Gambling Program, and the distribution of gaming funds to community organizations. Current plans include replicating the survey on a yearly basis.

Appendix A Gaming Industry Legal and Operating Framework

Gaming in the province is regulated under the Criminal Code of Canada and B.C.'s Gaming Control Act. Responsibility for ensuring the effective regulation of gaming belongs to the Minister of Public Safety and Solicitor General. The Minister provides broad policy direction to ensure government's social and economic priorities for gaming are achieved. The Minister is not involved in decisions respecting individuals or specific companies or organizations, or in the day-to-day management of gaming.

Regulating the British Columbia Gaming Industry

Gaming is regulated by the Gaming Policy and Enforcement Branch. The Branch is made up of seven divisions:

- The Policy, Legislation and Standards Division is responsible for developing and maintaining the policy and regulatory framework for gaming and horse racing in B.C. The Division establishes industry-wide public interest standards and manages responsible gambling initiatives and problem gambling treatment programs.

- The Licensing and Grants Division is responsible for distributing grants to community organizations and issuing gaming event licences to eligible organizations.

- The Racing Division is responsible for regulating and managing horse racing in B.C.

- The Registration Division is responsible for conducting financial and personal background checks on all gaming services providers and gaming workers. The Division also approves and certifies all gaming equipment used in the province.

- The Audit and Compliance Division is responsible for conducting audits of commercial gaming, licensed gaming events and community organizations' use of gaming proceeds. The Division works with community organizations to improve compliance with legislation and policies.

- The Investigation Division is responsible for investigating all complaints and allegations of regulatory wrongdoing and assists law enforcement agencies in criminal investigations in gaming and horse racing in B.C.

- The Management Services Division is responsible for providing financial advice to the Branch executive, administering the Branch budget and making payments on behalf of the Branch. In addition, the Division provides information and technology support and manages all Branch facilities.

Since 1999, over $350 million in gaming revenue has been distributed to local governments.

Conduct and Management of Gaming in British Columbia

BCLC conducts and manages all commercial gaming in the province, with the exception of horse racing. Headed by a board of directors appointed by Cabinet, BCLC reports to the Minister of Public Safety and Solicitor General and is regulated by the Branch. BCLC ensures that commercial gaming is operated according to government public interest standards. BCLC manages all contracts and formal relationships with service providers, as well as all lottery agreements with other provinces and the federal government. In addition, BCLC sets the rules of play for lotteries, casinos, and commercial bingo halls.

The Branch licences private sector companies to conduct and operate live horse racing events at horse racing tracks. These service providers are responsible for conducting horse racing in accordance with the rules and regulations set out by the Province. These rules and regulations are found in the Gaming Control Act and the Rules of Thoroughbred and Standardbred Horse Racing in British Columbia. Pari-mutuel wagering on horse races is regulated by the federal government though the Canadian Pari-Mutuel Agency.

The Branch licences community and other eligible organizations to conduct and manage gaming events such as ticket raffles, independent bingos, wheels of fortune and social occasion casinos. Community organizations that host licensed charitable gaming events must comply with the rules and regulations outlined by the Province. These rules include disclosing required financial information within two months of hosting a gaming event. The rules also require that, except in two modest cases, licensees ensure no one under the age of 19 participates in gambling activity.

Appendix A — Gaming Industry Legal and Operating Framework

Supporting the Delivery of Gaming in British Columbia

BCLC contracts with private sector companies to provide day-to-day operational services at its gaming facilities and lottery outlets. These companies include casino, bingo and community gaming centre operators. Services providers must ensure all gaming employees have taken Appropriate Response Training and that no persons under the age of 19 participate in gambling activity in gaming venues or are present where gaming activity occurs. These gaming services providers are monitored by the Registration Division to ensure they adhere to their conditions of registration and continuously demonstrate the highest level of integrity.

GPEB identifies as key persons individuals who hold critical security, operational or financial responsibilities in the gaming and horse racing industries. These individuals include directors, officers, and senior employees of any business that is involved with gaming operations in the province. Key persons are registered for up to five years and are required to undergo a rigorous vetting process to ensure the honesty, integrity and financial responsibility of gaming in B.C. The division conducts a background check that includes, but is not limited to, a criminal record check, a credit check, and verification of assets and liabilities.

Gaming suppliers manufacture and/or distribute gaming equipment and materials to gaming venues. Manufacturers include companies that produce gaming equipment and materials, such as bingo cards, slot machines and playing chips. Distributors include companies that market gaming equipment and materials.

Ancillary contractors include companies that provide services to gaming operators that are not directly related to the delivery of gaming. These include janitorial services, landlords and concessionaires.

Gaming and horse race workers are registered by the Province to ensure the integrity, honesty and financial responsibility of gaming and racing operations. Gaming workers are individuals who are paid to conduct, manage, or present large-scale licensed raffles, casino games, commercial bingos, or teletheatres. Horse race workers include individuals who work for, or conduct business with, race tracks. These include jockeys, trainers, race horse owners, and racing officials.

The Branch licences teletheatre sites to present simulcast satellite broadcast of horse races run at local, national and international tracks. There are 19 teletheatre locations in B.C. Sixteen are operated by TBC Teletheatre B.C. in venues across the province. The remaining three teletheatres are located at race tracks (Hastings Racecourse, Fraser Downs and Sandown Raceways).

Appendix B — Gaming Permitted in British Columbia

Gaming is a rapidly evolving industry. New products, approaches and methods of delivery are continually being developed. Players' preferences are also continually changing. The Province of British Columbia has chosen to take a cautious and responsible approach to determining the forms of games it will permit and where the games may take place. Such opportunities must not jeopardize the integrity of the industry and must be capable of being effectively regulated and socially responsible. The following table summarizes the forms of gaming the Province has authorized and the locations where each may be offered.

	Casinos	Bingo Halls	CGCs*	Race Tracks	Lottery Outlets	Internet	Licensed Events	Pubs & Bars
COMMERCIAL GAMING								
Commercial Bingo Games		■						
Lottery Products	■		■	■	■			■
Slot Machines	■		■					
Table Games	■							
Poker Tables	■							
Electronic Table Games	■		■	■				
Live Horse Racing				■				
Teletheatres	■			■				■
LICENSED CHARITABLE GAMING								
Ticket Raffles							■	■
Independent Bingo							■	
Social Occasion Casinos							■	
Wheels of Fortune							■	

Appendix C: Source and Distribution of Revenues

Government Gaming Revenues and Disbursements

Revenue – In *(all figures in $ millions)*	2006/07	2005/06
Lotteries	$281.6	$271.3
Horse Racing Betting Fee	1.9	1.9
Casinos	698.6	621.6
Bingo (includes community gaming centres)	36.7	27.9
Total Revenue	**$1,018.8**	**$922.7**
Disbursements - Out	**2006/07**	**2005/06**
SUPPORTING COMMUNITIES		
Community Organizations	$144.5	$137.8
Payment to Host Local Governments	76.1	65.0
Local Economic Development (DAC)	16.5	3.4
Horse Racing Purse Enhancements	5.2	4.6
GAMING POLICY AND ENFORCEMENT BRANCH OPERATIONS		
Core Programs to Regulate Gaming	10.4	10.6
Problem Gambling Program	4.3	4.5
B.C. GOVERNMENT PROGRAMS		
Health Special Account	147.3	147.3
Consolidated Revenue Fund	606.1	541.3
GOVERNMENT OF CANADA TRANSFER		
Under a federal/provincial lottery agreement	8.4	8.2
Total Disbursements	**$1,018.8**	**$922.7**

Gaming Revenue Distributed to Horse Racing Industry

Revenue to Horse Racing Industry	2006/07	2005/06
Thoroughbred Industry (via Fraser Downs Racetrack and Casino)	$2,590,854	2,311,387
Standardbred Industry (via Hastings Racecourse)	2,590,854	2,311,387
Total Funds to Horse Racing Industry	**$5,181,708**	**4,622,774**

Host Local Government Share of Casino and Community Gaming Centre Revenues

Host Government	Casino or Community Gaming Centre	2006/07	2005/06
Burnaby	Gateway Casino Burnaby	$9,806,757	$8,687,067
Campbell River	Campbell R. Bingo Palace† (opened 02/06)	432,574	37,035
Coquitlam	Boulevard Casino	9,186,194	7,308,677
Dawson Creek	Bear Mountain Bingo Hall†	691,606	346,774
Kamloops	Lake City Casino Kamloops	2,119,709	1,904,830
	Chances Kamloops† (opened 03/05)	215,655	197,326
Kelowna	Lake City Casino Kelowna	2,957,877	2,665,866
	Chances Kelowna† (opened 03/05)	635,199	511,249
Ktunaxa Tribal (Cranbrook)	Casino of the Rockies*	1,534,266	1,312,956
Langley	Cascades Casino (opened 05/05)	6,807,091	5,001,607
Nanaimo	Great Canadian Nanaimo	3,084,271	2,953,687
New Westminster	Royal City Star (Riverboat)*	3,411,003	2,437,736
	Gateway Royal Towers (closed 11/05)	n/a	726,960
Penticton	Lake City Casinos Penticton*	2,543,797	2,359,976
Prince George	Treasure Cove Casino	2,859,166	2,422,558
Quesnel	Billy Barker Casino	638,975	604,553
Richmond	River Rock Casino	12,698,623	11,194,669
Surrey	Fraser Downs	3,387,454	2,977,272
Vancouver	Great Canadian Vancouver (Holiday Inn)	1,253,621	1,145,799
	Edgewater Casino	4,717,207	3,799,992
	Mandarin Centre (closed 04/05)	n/a	45,107
Vernon	Lake City Casino Vernon	1,763,005	1,515,276
View Royal	Great Canadian View Royal	4,901,585	4,403,405
Wells	Jack o' Clubs Gaming Hall (closed 05/06)	150	5,782
Williams Lake	Chances Signal Point†	466,688	447,536
Total HLG Revenue		**$76,112,473**	**$65,013,695**

Does not include Chances Cowichan, a CGC in Duncan, which opened on March 2, 2007. This is because the first revenue sharing payment was not made until the 2007/08 fiscal year.

GPEB Operating Budget and Expenditures 2006/07

Branch Budget	2006/07	2005/06
CORE OPERATIONS	$10,454,000	$10,605,000
PROBLEM GAMBLING PROGRAM	4,003,000	4,000,000
Total Branch Budget	**$14,457,000**	**$14,605,000**

Branch Expenditures	2006/07	2005/06
CORE OPERATIONS		
Salaries and benefits costs	$7,969,113	$7,636,735
Operating and business expenses	1,931,248	2,422,052
Legal and professional services	480,116	564,334
PROBLEM GAMBLING PROGRAM		
Salaries and benefits costs	$211,155	$176,335
Operating and business expenses	260,179	594,354
Professional services	203,064	152,403
Contracts	3,600,058	3,600,587
Total GPEB Expenditures	**$14,654,933**	**$15,146,800**
SURPLUS/(DEFICIT)	$(197,933)	$(541,800)

Contact Information

For more information or to view this document and others from the Ministry of Public Safety and Solicitor General, please go to our website at:

For more information on B.C.'s Responsible Gambling Strategy, please go to the B.C. Partnership for Responsible Gambling website at:

The Head Office for the Gaming Policy and Enforcement Branch is located in Victoria with regional offices in Burnaby, Kelowna and Prince George.

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